

REQUEST FOR PROPOSALS



FOR THE INITIATION
OF A MAJOR
REDEVELOPMENT
INVESTMENT PROGRAM
AT



RESORT & CONFERENCE CENTER

submitted by
West Virginia
Division of Natural Resources
Parks and Recreation Section



WEST VIRIGNIA DIVISION OF NATURAL RESOURCES

REQUEST FOR PROPOSAL

at

Canaan Valley Resort State Park

Issued

August 1, 2008

Response Requested by:

November 17, 2008

Submit to:

Frank Jezioro, Director
Division of Natural Resources
1900 Kanawha Boulevard, East
State Capitol Complex
Building 3, Room 669
Charleston, West Virginia 25305
frankjezioro@wvdnr.gov
Telephone: 304-558-2754
Fax: 304-558-2768

Visit www.canaanresort.com
for details on existing park development

The West Virginia Division of Natural Resources
is a West Virginia State governmental unit within
the Department of Commerce

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I. INSTRUCTIONS TO PROPOSERS

A. General Information

The West Virginia Division of Natural Resources, Parks and Recreation Section, Canaan Valley Resort State Park, hereinafter called Division or the State or DNR, is seeking a qualified and competent developer/operator to invest in a major redevelopment and concession operation of Canaan Valley Resort State Park, Tucker County and is hereby soliciting proposals from all qualified individuals and corporations.

Completed proposals must be submitted to Frank Jezioro, Director, WV Division of Natural Resources, State Capitol Complex, Building 3, Room 669, Charleston, WV 25305. Telephone 1(304)558-2754. The proposals must be received by November 17, 2008, at a location and time, and in the format stipulated herein.

B. Project Overview

The State of West Virginia, through the West Virginia Department of Commerce and the DNR, presently owns 6,014 acres of state park land located in Tucker County, West Virginia, near the Town of Davis, West Virginia. A major four-season resort state park was developed on the property between the mid 1960s when land acquisition began, and 1977, when the park lodge was dedicated. Major park facilities consist of the 250-room lodge with all customary amenities, 18-hole golf course, ski complex, ice rink, 24 cottages, 34 campsites, and outdoor pool. It has been operated by concession contract with the State providing certain basic services such as exterior maintenance, water and sewer, some grounds maintenance, and certain major infrastructure maintenance. The current contract dates to 1988 and expires in 2013. However, the age of park facilities causes the State to seek new investment in certain improvements which cannot be made under the existing agreement or an amended version of the same. The leaseholder, Guest Services, Inc., of Fairfax, Virginia, is in agreement with the State's desire to explore new contractual and investment possibilities. The State estimates that a minimum of some \$30 to \$35 million may be needed to upgrade and/or replace current facilities but is interested in attracting whatever level of investment necessary to provide the kind of facilities and services expected by park visitors and which assures marketability and financial success. It is the desire of the State to enter into a redevelopment investment and operations agreement under which the park will continue to be leased on a long-term basis. The developer/operator will secure financing; oversee design and construction of improvements on the park; and operate the same as well as

any remaining existing facilities. The State will grant the right for the developer/operator to inhabit and use the premises over the life of the contract. The State does not contemplate issuing debt (either directly or through conduit debt) to fund improvements.

Although the State is keeping an open mind as to the approach to new investment, it is contemplated that the improvements at minimum will likely consist of demolition of 250 existing rooms and reconstruction of the number of lodge rooms that the redevelopment investor believes are necessary to meet market demand and assure financial success as well as any necessary improvements to the ski facilities to bring them to their fullest potential. Note Appendix A, which provides a 2005 estimate of lodge room replacement cost. However, this study contemplated replacement with similar modular units rather than what the state regards as more desirable units built in conventional style. Other facilities at the park, including the lodge core building which houses a restaurant, pool, fitness area, meeting rooms, lounge, offices and ancillary facilities; are sound but can be considered for improvement as deemed by the Proposer to be necessary. Development of new facilities can be considered. The State envisions that the new lodge rooms will be on or near the existing Canaan Lodge footprint so as to incorporate the still viable lodge core building as well as to take advantage of the presence of other existing infrastructure. However, the State is interested in respondents' views on all of the perceived needs referenced within this paragraph. Other proposals as to improvement or replacement needs and location are allowable. Park facilities will be operated by the developer/operator directly or through an affiliate, under a "Development and Operating Agreement" between the Division and the developer. **Note that any construction activities must be done under prevailing wage requirements.**

C. Location

Canaan Valley Resort State Park is located in a high mountain valley on West Virginia Route 32 between the Towns of Davis in Tucker County and Harman in Randolph County. Surrounding mountains run to over 4,000 feet in elevation and the floor of Canaan Valley itself has an average elevation of well over 3,000 feet. The valley contains the headwaters of the Blackwater River which is a well known trout stream. The famous Blackwater Falls within Blackwater Falls State Park is only some 12 miles from the park. It joins with nearby Monongahela National Forest lands featuring sites such as Dolly Sods, Spruce Knob/Seneca Rocks National Recreation Area, and Otter Creek Wilderness to make the local area extremely appealing to tourist and outdoor recreationists. Canaan Valley is regarded as one of the most unique natural areas in the eastern

United States. A 15,245 acre federal wildlife refuge is adjacent to the park. The area is known for its cool, high Allegheny climate and heavy winter snowfall which make it a popular winter sports area. The not-too-distant future will almost surely see Appalachian Interstate Corridor H completed to within some 12 miles of the state park making the Canaan Valley area even more accessible to the huge population base within its market area.

D. Development and Contractual History

The State of West Virginia began land acquisition and park development in Canaan Valley in the mid 1960s. Considerable federal assistance was utilized through Area Redevelopment Administration and EDA Funds. The park was to serve as a model demonstrating how similar tourism ventures (and particularly skiing) might succeed in West Virginia; to stimulate the local economy through employment and tourism; and to protect a portion of Canaan Valley, one of the unique ecosystems in the eastern US.

Also included in this federal assistance were three Land and Water Conservation Fund (LWCF) grants received from the National Park Service between 1975 and 2002 which helped develop and acquire several park recreational facilities and lands. These LWCF grants are significant for their contractual provisions prohibiting land use conversion to other than public outdoor recreation uses without federal approval of the conversion and the substitution of other proposed property. As is typical of many of these grants, the area subject to these provisions delineated and accepted by the Department of the Interior exceeds the size of the area and facilities assisted. Thus, the federal agreements to assure the protection of the entire park as a viable recreational entity extend to all of Canaan Resort Valley State Park's 6,014 acres.

Most park facilities had come on line by 1971, and all were operated from the beginning by concession with the lodge opening in 1977. The park continued to operate under fairly typical concession arrangements until 1988. At that time the State negotiated a 25-year contract that called for concessionaire investment in additional cottages; improvements to the lodge public area complex; a new ski base building; and several other significant items. All of these (or alternates agreed upon through contract addendum) were substantially complete as of the release of this RFP, although problems exist with two ski area water storage ponds that have never properly held water. Resolution of this problem is currently being discussed by the State and the concessionaire. Past and present concession agreements made the State the party responsible for provision of sewer, water, major maintenance, certain equipment replacement, exterior maintenance, and some groundskeeping plus snow removal. It is now the desire

of the State to pursue an arrangement whereby the developer/operator assumes responsibility for all operations and maintenance with the State maintaining only a contractual liaison and law enforcement presence. However, the Division will consider alternative proposals up to and including continued provision of the support services rendered under the existing contract if the overall return to the State is sufficient enough to make that possible.

E. Award of Contract

The Division reserves the right to make the award upon the basis of any of the proposals received. The Division reserves the right to reject any and all proposals and to waive technicalities as may be deemed best for the interests of the Division. A proposal may be rejected if it is believed the percentage of gross sales proposed is in excess of the ability and capacity of the concessionaire to provide.

No contract will be awarded except to a proposer rated as capable of performing the type of service contemplated in this RFP. The Division may declare any proposer or proposal ineligible at any time during the process of receiving proposals or awarding a Contract for developments that arise, which in the opinion of the Division adversely affect the chance of success of this project and which are judged to be the responsibility of the proposer.

Any questions in advance of interview by prospective developers/concessionaires relating to clarification of this request will be answered if possible and this information provided to all prospective developers/concessionaires. Any prospective developer/concessionaire desiring to visit and tour the premises outside of the mandatory pre-submittal conference described in Section I.L should contact Rob Gilligan, Superintendent, Canaan Valley Resort State Park, HC 70, Box 320, Davis, West Virginia 26260. The phone number is (304) 866-4111; email is robertgilligan@wvdnr.gov.

F. Scope of the Project

While willing to be flexible in response to suggested alternatives, the State envisions demolition of existing lodge rooms and reconstruction of the number of rooms that the redevelopment investor believes will meet market demand and assure financial success. Included in the new lodge rooms will be amenities customarily associated with a high quality resort but, as with all offerings of the park, should be priced to appeal to a broad customer base. The State also envisions that major enhancements to the ski mountain complex will be necessary to assure its continued attractiveness to skiers. The State estimates

that a minimum of \$30 to \$35 million in total investment is likely needed for redevelopment but expects the private sector to provide whatever level of funding is necessary to maximize the overall appeal and marketability of the park through traditional forms of private investment; a lodge guest unit leasehold interest investment approach studied for Canaan Valley Resort State Park by Tripp Umbach and Associates of Pittsburgh, Pennsylvania; or a combination of both. The Tripp Umbach study is attached as Appendix D. Even though the study findings were not favorable in regard to the leasehold interest investment scenario, the State is willing to consider proposals incorporating this approach if the developer/operator believes and can demonstrate that they can make it successful.

G. Development Opportunity

Respect for the environment and compatibility with existing, still viable infrastructure is important to the project. New or renovated existing facilities should blend well with surrounding natural and manmade elements to enhance the aesthetics and character of the site.

Canaan Valley Resort State Park has been one of the State's most outstanding park assets for almost 40 years. Canaan should be particularly attractive to developers because it has a great deal of existing and still viable infrastructure and an established customer base.

H. DNR's Role in the Development Process

The DNR is committed to maintaining Canaan as a high quality four-season resort facility that operates at a high level for a variety of visitors and with maximum impact on the local and regional tourism economy and in keeping with the natural resource protection role of WV State Parks. DNR is deeply committed to the success of this Project. However, the State does not intend to issue debt to fund this project and is desirous of 100% of redevelopment cost being contributed by the private sector.

The DNR expects enhanced facilities to contribute significantly to the overall financial success of the park as well as to produce a financial return for the developer/operator and the State.

I. Special Circumstances

- West Virginia Tourism Development Act – The West Virginia Tourism Development Act was established in 2004 to stimulate the creation

of new tourism destinations, as well as the expansion of existing tourism destinations. The Act provides an incentive to project developers through a consumer sales and service tax credit, whereby a developer has the potential to recover up to 25% of approved project development costs, as defined in the Act, over a ten-year period. The Act applies to public-private tourism development projects developed on State owned real property including the private development of lodging and/or recreation facilities at West Virginia State Parks. In order to fully comprehend the potential applications of the Act to any particular project, a copy of the Act is attached as Appendix E along with a copy of the West Virginia Tourism Development Act application. **This application should not be completed and returned to DNR as part of any response to this RFP. It is provided as a reference only.**

- As of January 1, 2009, the current concessionaire will have five years and six months remaining on its contract. They have made certain investments and added certain operating equipment which they represent as having a present value of approximately \$6.05 million. Of that total, \$4.06 million is made up of financing for prior concessionaire investments which are being recouped by the concessionaire through withholding of a portion of franchise fees annually. As part of the response to this RFP, any proposer must address how they would extinguish such value as part of an overall redevelopment investment plan.
- Summaries of past financial performance and lodging occupancies of the resort park over the last several years can be obtained by contacting The WV State Parks Business Office at (304) 558-2764. General questions can be directed to that office as well as Parks District Administrator Blair Taylor or Parks Chief Ken Caplinger at the same number. Questions may be asked up to October 29, 2008. Questions and answers will be provided to all potential proposers.
- It is very important to note that prevailing wage requirements must and will apply to construction activities.
- To assure that any facility changes do not significantly contravene the original LWCF project agreements, the National Park Service requires the State to submit a preliminary written description of any proposed changes within a LWCF assisted park. The Park Service will

then expedite a determination of whether a formal conversion review and approval process will be required. Detailed information and questions regarding the U.S. Department of Interior's conversion requirements under Section 6(f)(3) of the LWCF Act of 1965 can be addressed to John McGarrity of the West Virginia Development Office, 1900 Kanawha Blvd., East, Building 6, Room 553, Charleston, WV 25305-0311. His phone number is (304) 558-2234.

J. Concession Agreement

Overview

The following descriptive material is not intended to be definitive but is intended as general information. It is solely the responsibility of the proposer to examine the current economic environment and to make any and all further investigation necessary to fully understand the nature of the undertaking and obligations being assumed if their proposal is accepted.

Upon acceptance of a proposal, the State will negotiate up to a 25 year investment and concession contract based on the elements contained in the selected proposal. Any contract must be presented to the Legislative Joint Committee on Government and Finance for review and comment prior to execution. That agreement will contain all provisions for the redevelopment and operation of Canaan Valley Resort State Park. An index to the major elements of a sample concession agreement is included as Appendix C.

TERM

The DNR has statutory authority to enter into a construction and operations agreement for an initial period of 25 years, after which time the full title to all facilities will vest in the State. A non-binding option to renew for a negotiated period can also be considered with the DNR being predisposed to such renewal if all contractual terms and obligations are being met satisfactorily. Other proposed initial term lengths may be considered but lengths greater than 25 years would require change to WV Code. The Division is willing to seek the necessary legislation to extend the allowable term should it become apparent that this is essential. However, the time required to make any such changes may, at the State's discretion, lead to a re-release of this RFP in modified form.

PAYMENT OF RENTAL

It is anticipated that the proposer's payment of rent to the State shall be at a guaranteed monthly minimum rent plus a percentage of monthly gross receipts, as to be described by the proposer. Rental payments will begin on the first day of the month following approval of the concession agreement. An adjusted payment may be negotiated to apply during the period of construction.

K. Deposit and Bonds

At the time the concession agreement is executed, the successful proposer will be required to submit to DNR a security deposit to ensure faithful performance under the terms of the agreement. The amount of said security deposit shall be equal to the amount of one year's rent. This amount shall be maintained throughout the term of the concession agreement with the understanding that any or all of it may be used to reduce the concessionaire's financial obligation in the event of a default. Simple interest on the deposit shall accrue to the concessionaire.

In addition, a payment bond equal to 90% of the estimated costs of construction of the improvements shall be provided.

L. Proposal Requirements/Conditions

Proposers wishing to submit a proposal are required to attend a pre-proposal conference to be held at the following time and location:

Date: September 17, 2008

Time: 9:00 a.m.

Location: Canaan Valley Resort State Park Lodge

Immediately following the proposal conference, there will be a tour of the park. Proposers planning on attending the conference and tour must call the office of the Chief of Parks, (304) 558-2764, before September 8, 2008, to confirm their attendance.

Public Records

All records related to purchase order/contracts are considered public records. All bids, proposals or offers submitted by proposers shall become public

information and are available for inspection during normal business hours. All public information may be released with or without a Freedom of Information Act request. The only exemptions to disclosure of the information are listed in WV Code §29B-1-4. Primarily, trade secrets as submitted by a proposer are the only exemptions to public disclosure by the DNR. The submission of any information to the DNR by a proposer puts the risk of disclosure on the proposer. The DNR will make a reasonable effort not to disclose information that is within the guidelines of §29B-1-4 and is labeled "proprietary information not for public disclosure."

Representations

The State shall neither be bound by, nor assume any responsibility for, any oral or written understanding or representations made by any of its officers or employees unless they are specifically included in the written redevelopment and operations agreement.

The proposer is responsible for making all necessary investigations and examinations of documents, operations and premises affecting performance. Failure to do so will not relieve the proposer from obligation under any agreement. Submission of a proposal shall be considered the proposer's acknowledgement that such investigations and examinations have been made.

The State may conduct a reasonable inquiry to determine the responsibility and background, including criminal history, of a proposer. The submission of a proposal shall constitute permission by the proposer for the State to verify all information contained therein. If the State deems it necessary, additional information may be requested from the proposer. Failure to comply with any such request may disqualify a proposer from further consideration.

The proposer may withdraw the proposal at any time prior to the date and time which is set forth herein as the deadline for acceptance of proposals, upon written request for the same to:

Frank Jezioro, Director
Division of Natural Resources
State Capitol Complex
Building 3, Room 669
1900 Kanawha Blvd., East
Charleston, WV 25305

All proposals shall be firm and may not be withdrawn for a period of 120 days following the date set to receive proposals.

The Director of the DNR may extend the deadline for acceptance of proposals for such periods of time as deemed in the best interest of the State. Any extension of the deadline for submission of proposals shall be granted to all.

II. INSTRUCTIONS TO PROPOSERS

- A. Proposals Deemed Responsive to this RFP
- B. Preparation of Proposals
- C. Proposal Guarantee
- D. Submission of Proposals
- E. Deadline for Receipt of Proposals
- F. Schedule of Events
- G. Inquiries
- H. No Response Form

II. Instructions to Proposers

A. Proposals Deemed Responsive to this RFP

A proposer's response to this RFP must be made according to the requirements in this section both for content and sequence. Any proposal failing to comply with these Instructions to Proposers shall be subject to rejection. The DNR Director, at his/her option, may determine that a proposer be allowed to remedy any deficiencies.

Minimum Qualifications

In order to be considered, a proposer must meet the following minimum criteria:

- Demonstrated ability, capacity, technical expertise and skill necessary to lease and operate facilities.
- Demonstrated willingness and ability to propose a concept that is realistic in terms of return to State.
- Reputation in the recreation, resort or lodging industry of having strong character; a history of owning and/or managing quality operations, integrity, good judgment and efficiency in performance of contractual agreements.
- Sufficient financial resources and organizational ability to provide the type of services required to successfully manage the project.

Proposer's Questionnaire

In addition to meeting the minimum qualifications, the Proposers must complete all of the following items in the format and on forms as provided in the Proposer's Questionnaire.

- ***Proposer's Agreement:*** This statement identifies all persons or entities involved in the proposal. If the proposer is other than a sole proprietorship, an additional statement of partnership or corporation must be completed. Furthermore, this agreement describes the commitments the proposer is willing to adhere to should they be selected as the best responsible proposer.

- ***Financial Data:*** This section requests a complete financial statement for two immediately prior years reflecting the true financial condition as of September 30, 2007, or more recently if available, of the proposer's assets, liabilities, and net worth. If the proposer is a partnership or joint venture, individual financial statements must be submitted for each general and limited partner or joint venturer.

This section must also describe the proposed method of financing to accomplish the project. In the event funds are to be borrowed to finance any portion of the total investment, a letter of intent from the bank or lending agency must be attached, indicating the amount which will be loaned and applicable percentage rate(s) of interest.

The letter of intent may contain the qualification that the loan will only be consummated upon award of the concession contract. State park land shall not be subordinated to any concessionaire financing. The documents contained in this RFP presume total project financing to be furnished by the concessionaire. Alternative proposals may be considered depending upon economic justification.

A minimum of four financial references must also be provided along with names, street addresses, and telephone numbers in each instance. It is required that the list contain at least two banks or lending institutions. The type of relationship shall also be indicated.

This project represents an opportunity for the State and the proposer to receive positive financial returns and high visibility. Because of this, DNR has a significant interest in understanding how the proposer would intend to operate the facilities. To this end, and as part of your proposal, please respond to the following questions. Proposer should include the listed questions followed by a response.

- How would the project fit within your portfolio of existing business(es)?
- How large is your portfolio and what is your company's or principal's equity interest in each operation? How has your company expanded (or contracted) over the past five years?

- ***General Business Statement:*** A statement of all the important business activities of the proposer's major business. This statement should emphasize the proposer's experience in the financing, development, operation, and maintenance of visitor serving facility services on a contractual basis to a public agency or private entity, the proposer shall submit the name, street address, and telephone number of such clientele and a brief description of the services provided and other pertinent data. Further, the proposer must identify such contracts that, within the last five years have been canceled or lost and the reason for each loss.

A minimum of five references must be provided of those businesses with whom the proposer has worked. Names, street addresses, telephone numbers, and contact persons must be stated.

- ***Capital Improvement Plan:*** This statement is to describe in detail the proposed redevelopment of the park. It shall also include a schedule of work along with milestone dates that would start upon execution of the concession agreement. The proposer's improvement plan must contain adequate drawings and explanative materials such that DNR may be able to adequately assess the impacts of the proposal.
- ***Estimated Construction Costs:*** This section shall include itemized cost data required to accomplish the Capital Improvement Plan, including fixtures, furnishings, and equipment. The estimate shall include a method of identifying the costs for rehabilitation of existing facilities separate from the costs associated with new construction. (Note that prevailing wage requirements apply.)
- ***Cash-flow Analysis:*** This section shall provide an analysis of the proposer's evaluation of the projected ability of the facility to provide sufficient revenue to recapture the proposer's investment, cover the operating expenses, service any debt, and provide an equitable return to the concessionaire and the State. The analysis shall reflect a minimum of five years of operation after construction and indicate the estimated annual revenue and operating expense figures. This analysis must clearly state and justify the length of time in years required to amortize the capital investment. As referenced and clarified on page 9 of this RFP, proper must also provide detail on how residual value of the existing contract would be extinguished.

- ***Proof of Insurability:*** Proposers must submit a letter of commitment from an acceptable insurance company setting forth that required insurance coverage will be available to the proposer at the time of commencement of concession agreement. Coverage shall be as follows:

Comprehensive general liability insurance in the amount of \$1,000,000.

The State, its officers, employees, and agents shall be covered as additional insureds with respect to liability arising from the activities performed by or on behalf of concessionaire.

- ***Method of Operation:*** This statement should describe proposed uses of the property including any and all services contemplated. They shall also be subject to review and approval by DNR for consistency with all other State policies, rules and regulations. Include a proposed rating and price structure for all goods and services as well. Market rates are anticipated. As part of your proposal, please respond to the following questions. Proposal should include the listed question followed by a response.

* From what office would you oversee the management of the project? What would be your plan for on-site management at the park and what would be the chain of command?

* What would the management structure be at the park (lodge, golf course, ski complex, other amenities)?

* With what operations, and with what entities, have you had, and do you currently have management relationships? Please provide the following for each:

- Name of operation and description of facilities and services offered.
- Date ownership and/or management began and date ownership and/or management ended (or date management agreement terminates, if applicable).

- Name and address of owner and lender (if applicable); contact name and telephone number.
- Describe proposed timeline for development of the various uses at the park. Also indicate any significant modifications and/or changes to the existing facilities that you propose.
- The DNR is committed to serving the needs of the citizens of WV and is a responsible steward of the natural resources present at Canaan Valley Resort State Park. Recognizing that the priorities of a private sector firm may be different, what is your philosophical approach to these two issues?

Additional Information: All proposals should include the following information:

- Description of the appropriate market orientation of the park to maximize revenue potential;
- Market services to be employed by the proposer to create that market orientation;
- Discussion of proposer's familiarity and experience with operating mixed-use resort/recreation projects of similar size;
- Identification of any and all employees, partners, company officials, legal counsel or major stockholders who are employees of the State of West Virginia or state or local elected officials, and;
- If a team is anticipated, have any team members performed work for the State of West Virginia, its agencies or public authorities? If so, please list and provide information as to the nature of this work and the contact person for the State with whom the team members interacted.
- ***Litigation:*** If applicable, submit a list showing the exact case name, the number and court of all lawsuits, and the general description of all arbitrations to which the proposer and/or member of the proposer team has been a party for the last ten years. State

whether each proceeding is pending or resolved, along with any amounts paid. Describe all settlements and all judgments of liability.

B. Preparation of Proposals

- Seven complete copies of the proposal are to be submitted.
- The proposal must be submitted on 8.5" x 11" white paper (except for building plans, renderings, or drawings) and must be bound in a secure manner.
- Material and data not specifically requested for consideration, but which the proposer wishes to submit, must not appear with the Proposer's Questionnaire but may appear only in an "Additional Data" section. This specifically references the following types of data:
 - Standard sales brochures and pictures.
 - Promotional material with minimal technical content.
 - Generalized narrative of supplementary information.
 - Supplementary graphic materials.
- If the proposal is made by an individual, it shall be signed with the full name of the proposer, and his/her street address shall be provided. If it is made by a partnership, it shall be signed with the partnership name and by an authorized general partner and the full name and street address of each general partner shall be provided. If it is made by a joint venture, it shall be signed with the full name and street address of each member thereof. If it is made by a corporation, it shall be signed by the president and secretary. In all cases, each signature must have the proper acknowledgement of execution attached to the proposal form.
- When proposals are signed by an agent other than an officer of a corporation or a member of a general partnership, a power of attorney authorizing the signature must be submitted with the proposal; otherwise, the proposal may be rejected.
- If the proposal is submitted by a partnership or joint venture, the Statement of Personal History attached to the proposal form must be completed by each general partner or joint venturer thereof. If

the proposal is submitted by a corporation, the Statement must be completed by the principal officers of said corporation.

- More than one proposal from an individual, firm partnership, corporation, joint venture, or association under the same or different names shall result in only the proposal last submitted being considered.

C. Proposal Guarantee

- Each proposer shall submit with its proposal either a Cashier's Check or a Check Certified by a responsible bank and made payable to the State of West Virginia, Division of Natural Resources. This amount shall be payable as a guarantee that the proposer will enter into a concession agreement for the development, operation, and maintenance of the Canaan Valley Resort State Park.
- The amount of this Proposal Guarantee shall be \$5,000 and no proposal will be considered unless it is accompanied by a Cashier's or Certified Check in said amount.
- Proposal Guarantees accompanying rejected proposals will be returned as soon as possible after the successful proposer has been selected.
- The check accompanying the selected proposal guarantees the terms proposed. Otherwise, the check will be retained by the State as damages for breach of the guarantee which have been fixed in the amount of \$5,000 in recognition of the difficulty of ascertaining the actual damages caused.

D. Submission of Proposals

- The original proposal and six additional copies must be submitted in a sealed envelope, plainly marked with the name, street address, and telephone number of the proposer and bearing the words: "PROPOSAL FOR THE REDEVELOPMENT AND OPERATION OF CANAAN VALLEY RESORT STATE PARK."
- It is the sole responsibility of the proposer to see that the proposal is received before the submission deadline. A proposer shall bear all risks associated with any delays in the U.S. Mail delivery.

- The Director of DNR reserves the right to extend the proposal deadline for submission. However, all timely, responsive proposers shall be given an additional period of time equivalent to the late submittal within which to supplement and/or modify the proposals that were submitted on time.

E. Deadline for Receipt of Proposals

- The proposal shall be received at the location indicated below:

Frank Jezioro, Director, Division of Natural Resources
State Capitol Complex, Bldg. 3, Room 669
1900 Kanawha Blvd., East
Charleston, WV 25305-0660

- The date and time set for receipt of proposals are as follows:

November 17, 2008, no later than 5:00 p.m.

F. Schedule of Events

August 1, 2008	RFP issued.
September 8, 2008	Deadline to confirm attendance at pre-proposal site conference.
September 17, 2008	On-site pre-proposal conference.
October 29, 2008	Deadline for submittal of questions.
November 17, 2008	Proposal submittal deadline.
December 1, 2008	DNR review panel begins evaluation of submittals.
January 15, 2009	Review committee submits recommendation to Director.
(to be scheduled)	Negotiation with successful proposer.

G. Inquiries

DNR staff is available to assist you and answer any questions that you have regarding this RFP. Please direct all questions to either:

Kenneth K. Caplinger, Chief OR Blair Taylor, District Administrator
Division of Natural Resources
State Capitol Complex, Bldg. 3, Room 714
1900 Kanawha Blvd., East
Charleston, WV 25305

In order to have adequate time to prepare responses, questions will not be accepted after October 29, 2008.

H. No Response Form

Proposers not responding to this RFP are requested to complete and return the "No Response" Form as described below:

NO RESPONSE

Proposers choosing not to respond would complete this form and return it to:

Blair Taylor, District Administrator
Division of Natural Resources
State Capitol Complex, Bldg. 3, Room 707
1900 Kanawha Blvd., East
Charleston, WV 25305

PROPOSER NAME:

ADDRESS:

TELEPHONE:

CONTACT:

REASON FOR NO BID/NO SUBMITTAL

Insufficient time. Please explain.

Not involved with type of project or service. Please explain.

Project is not economically feasible. Please explain.

Other. Please explain. (Attach pages as necessary).

III. PROPOSER'S QUESTIONNAIRE

III. PROPOSER'S QUESTIONNAIRE

A proposal to enter into a concession agreement for the development, operation, and maintenance of the Canaan Valley Resort State Park shall include the entire information request in the Proposers Questionnaire. Statements must be complete and accurate. Omission, inaccuracy, or misstatement shall be cause for rejection of a proposal.

The prospective concessionaire acknowledges and agrees to the State's right to make any inquiry or investigation it deems appropriate to substantiate or supplement information contained in this questionnaire and authorizes the release to the State of any and all information sought in such inquiry or investigation.

Attach additional sheets as necessary.

The following documents are included in the Proposer's Questionnaire:

- Proposer's Agreement
- Prospective Concessionaire
- Partnership or Corporation Statement
- Financial Data
- Financial References
- General Business Statement
- Business References
- Capital Improvement Plan
- Estimated Construction Costs
- Method of Operation
- Cash-flow Analysis
- Proof of Insurability
- Additional Information
- Litigation

Canaan Valley Resort State Park Proposer's Questionnaire

PROPOSER'S AGREEMENT

This is a proposal to ENTER INTO A CONCESSION AGREEMENT for the development, operation and maintenance of Canaan Valley Resort State Park.

The undersigned, hereinafter referred to as "PROPOSER", hereby submits a proposal to the Division of Natural Resources, hereinafter referred to as "DNR" to develop, operate and maintain the Canaan Valley Resort State Park in accordance with the terms and conditions contained in this RFP, subject to negotiation and approval of a final concession agreement under the same or similar terms and conditions.

PROPOSER understands, agrees, and warrants:

1. The PROPOSER has the capability to successfully undertake and complete the responsibilities and obligations as proposed herein.
2. That this proposal may be withdrawn by PROPOSER by written submittal to the Director of the DNR received at any time prior to the time set for opening.
3. That a Proposer's Deposit in the sum of \$5,000, and in the form of a Cashier's or Certified Check made payable to the State of West Virginia, Division of Natural Resources, must be submitted with this proposal and is attached hereto.
4. That the sum will be held by DNR as a proposal guarantee securing the obligations PROPOSER agrees to assume in this proposal will be returned to PROPOSER after a concession agreement has been executed or after all such proposals have been rejected. In the event this proposal is accepted by DNR and PROPOSER fails to meet the terms thereof, the sum shall be forfeited by PROPOSER and retained by DNR as liquidated damages, it being agreed that such damages to DNR are extremely difficult and impractical to ascertain and determine.
5. That PROPOSER has fully completed the Proposer's Questionnaire contained in the RFP, and that the completed Questionnaire is attached hereto together with all required supplemental material and incorporated herein.

6. That all information contained in or supplementing the questionnaire is true and correct to the best of PROPOSER'S knowledge.
7. That DNR shall have a period of 120 days after the scheduled proposal opening date in which to accept or reject this proposal, and this proposal and all documents related thereto shall remain in full force and effect throughout the 120-day period.
8. That, to the best of PROPOSER'S knowledge, neither PROPOSER nor any person or entity affiliated with, related to, or acting on behalf or in conjunction with PROPOSER, has any undisclosed financial or other interest, direct or indirect, in any proposal other than this proposal. If PROPOSER is an entity, the term PROPOSER in this context means and includes, without limitation, any officer, owner, known shareholder or investor, partner, or employee of the entity, or any person or entity affiliated with, related to, or acting on behalf or in conjunction with any such person or entity.
9. PROPOSER agrees to pay DNR annual rent and a percentage of gross receipts according to the following schedule:

Item	Minimum	Percentage
Lodge		
Rooms and Cabins	_____	_____
Food	_____	_____
Alcohol and Beverage	_____	_____
Golf Course		
Greens Fees	_____	_____
Equipment Rental	_____	_____
Food	_____	_____
Alcohol and Beverage	_____	_____
Campground	_____	_____
Convention Facilities	_____	_____
Ski Complex		
Lift Fees	_____	_____
Equipment Rental	_____	_____
Food/Beverage	_____	_____
Optional Features, Amenities	_____	_____
Miscellaneous	_____	_____

10. During the construction period, annual rent shall be in the amount of \$_____.
11. The construction period is to last for a maximum period of _____ months.
12. Land or facilities will not be subordinated to debt, and all improvements will be owned by the State upon any termination of an approved contract.
13. The PROPOSER, based upon cash-flow projections, will require a minimum of _____ years to amortize the cost of the capital investment.

(If PROPOSER is a partnership, all general partners must sign the proposal. If PROPOSER is a corporation, the authorized corporate officers must sign the proposal, the corporate seal must be affixed, and a Board of Director's Resolution authorizing execution of this proposal must be attached.)

PROPOSER: (Please sign and type name)

Dated: _____	By its _____	_____
	Title	(Signature)
Dated: _____	By its _____	_____
	Title	(Signature)
Dated: _____	By its _____	_____
	Title	(Signature)

**CANAAN VALLEY RESORT STATE PARK
Proposer's Questionnaire**

CONCESSIONAIRE

Name of Prospective Concessionaire exactly as it will appear on the Concession Agreement:

Address of Prospective Concessionaire for purposes of communication relating to the Concession Agreement:

Prospective Concessionaire intends to operate the business with which this proposal is concerned as a Sole Proprietorship Partnership Corporation or

Explain:

CANAAN VALLEY RESORT STATE PARK
Proposer's Questionnaire

PARTNERSHIP STATEMENT

If a partnership, answer the following:

1. Date of organization _____.
2. General Partnership ()
Limited Partnership ()
3. Statement of Partnership recorded? Yes () No ()
Date _____ Book _____ Page _____ County _____
4. Has the partnership done business in West Virginia?
Yes () No ()
5. Name, address, and partnership share of each general partner:

Name	Address	% Share

6. List the following:

Authorized Issued Outstanding

- a) Number of voting shares: _____
- b) Number of non-voting shares: _____
- c) Number of shareholders: _____
- d) Value per share of Common Stock:
Par \$ _____
Book \$ _____
Market \$ _____

7. Furnish the name, title, address, and the number of voting and non-voting shares of stock held by each officer, director, shareholder, not an officer or director owning the largest number of voting shares of stock and shareholder not an officer or director owning the largest number of non-voting shares of stock.

CANAAN VALLEY RESORT STATE PARK
Proposer's Questionnaire

FINANCIAL DATA

Financial Statement

Attach a complete report prepared in accordance with good accounting practice and upon principles consistently applied, reflecting your current financial condition. The report must include a balance sheet and income statement dated concurrently for at least each of the last preceding two years, prepared by a Certified Public Accountant or acceptable Public Accountant licensed to do business in the State of West Virginia. The accountant's transmittal must be included. Proposer must be prepared to substantiate all information shown.

All records related to purchase orders/contracts are considered public records. All bids, proposals or offers submitted by proposers shall become public information and are available for inspection during normal business hours. All public information may be released with or without a Freedom of Information request. The only exemptions to disclosure of information are listed in WV Code §29B-1-4. Primarily, trade secrets as submitted by a proposer are the only exemptions to public disclosure by the DNR. The submission of any information will make a reasonable effort not to disclose information that is within the guidelines of §29B-1-4 and is labeled "proprietary of information not for public discloser."

- How would the project fit within your portfolio of existing business(es)?
- How large is your portfolio and what is your company's or principal's equity interest in each operation? How has your company expanded (or contracted) over the past five years?

Attach additional pages as needed.

PROPOSED METHOD OF FINANCING DEVELOPMENT

Development on the State-leased property to which this proposal relates shall be financed in the following manner. In the event funds are to be borrowed, a letter-of-intent from the lending agency must be attached. Neither state-owned park land nor facilities developed will be subordinated to any concessionaire financing.

CANAAN VALLEY RESORT STATE PARK
Proposer's Questionnaire

FINANCIAL REFERENCES

List four persons or firms with whom proposer has conducted business transactions during the past three years. At least two of the references named are to be banks or lending agencies having payment history.

REFERENCE NO. 1

Name:

Firm:

Title:

Address:

Telephone:

Name and magnitude of purchase, sale, loan, business association, etc.:

REFERENCE NO. 2

Name:

Firm:

Title:

Address:

Telephone:

Name and magnitude of purchase, sale, loan, business association, etc.:

REFERENCE NO. 3

Name:

Firm:

Title:

Address:

Telephone:

Name and magnitude of purchase, sale, loan, business association, etc.:

REFERENCE NO. 4

Name:

Firm:

Title:

Address:

Telephone:

Name and magnitude of purchase, sale, loan, business association, etc.:

**CANAAN VALLEY RESORT STATE PARK
Proposer's Questionnaire**

GENERAL BUSINESS STATEMENT

Describe all major business activities in which the PROPOSER is involved. Specify, in particular, experience in financing, developing, operating, and maintaining visitor-servicing facilities similar to this proposal. Provide a list of any operations and/or management contracts lost during the last five years and the reason for each loss, as applicable.

**CANAAN VALLEY RESORT STATE PARK
Proposer's Questionnaire**

BUSINESS REFERENCES

List four persons or firms with whom proposer has conducted business transactions during the past three years. At least two of the references named are to be banks or lending agencies having payment history.

REFERENCE NO. 1

Name:

Firm:

Title:

Address:

Telephone:

Name and magnitude of purchase, sale, loan, business association, etc.:

REFERENCE NO. 2

Name:

Firm:

Title:

Address:

Telephone:

Name and magnitude of purchase, sale, loan, business association, etc.:

REFERENCE NO. 3

Name:

Firm:

Title:

Address:

Telephone:

Name and magnitude of purchase, sale, loan, business association, etc.:

REFERENCE NO. 4

Name:

Firm:

Title:

Address:

Telephone:

Name and magnitude of purchase, sale, loan, business association, etc.:

**CANAAN VALLEY RESORT STATE PARK
Proposer's Questionnaire**

CAPITAL IMPROVEMENT PLAN

Describe, in detail, your proposal plan for redevelopment of the Canaan Valley Resort State Park. Include a narrative of the scope of necessary construction required. Attach additional sheets as necessary. Include any drawings or illustrative material necessary to clearly communicate your proposal.

CANAAN VALLEY RESORT STATE PARK Proposer's Questionnaire

ESTIMATED CONSTRUCTION COSTS

Supply detailed construction cost estimate for redevelopment of the park. Also include a schedule of approximate dates that each significant improvement is expected to be completed. Use the following general categories for cost estimates associated with lodge, ski complex, or other proposed improvements. Denote rehabilitation costs separate from new construction.

Parking Lot	Interior Construction
On-site Road and Utilities	Specialties
Building Site Work	Mechanical
Concrete/Foundation	Electrical
Masonry	Contingency
Metals	Overhead and Profit
Exterior Closures	Architects Fee
Other (please itemize)	

CANAAN VALLEY RESORT STATE APRK Proposer's Questionnaire

METHOD OF OPERATION

Describe, in detail, your plan for operation of the premises. Include a proposed rate and price structure for all goods and services contemplated. Denote seasonal rates and corresponding dates separately.

- From what office would you oversee the management of the project? What would be your plan for on-site management at the Park and what would be the chain of command?
- What would the management structure be at the Park?
- With what operations, and with what entities, have you had, and do you currently have, management relationships? Please provide the following for each:
 - Name of operation and description of facilities and services offered.
 - Date ownership and/or management began and date ownership and/or management ended (or date management agreement terminates, if applicable).
 - Name and address of owner and lender (if applicable); contact name and telephone number.
- Describe proposed timeline for redevelopment of the Park. Also indicate any significant modifications and/or changes to the existing facilities that you propose.
- The Division of Natural Resources is committed to serving the needs of the citizens of West Virginia and is a responsible steward of the natural resources present at Canaan Valley Resort State Park. Recognizing that the priorities of a private sector firm may be different, what is your philosophical approach to these two issues?

**CANAAN VALLEY RESORT STATE PARK
Proposer's Questionnaire**

CASH-FLOW ANALYSIS

Describe, in detail, how the completed proposal will provide sufficient revenue to recapture the proposer's investment. Clearly state and justify the time required to amortize capital improvement costs. Include any charts or graphs necessary to represent your analysis. Use the following categories in your analysis. Include totals for each category and note a net profit or loss.

Revenue:

Guest Rooms	Food Service
Conference/Meeting Room Rentals	Ski Complex
Golf Course	Any Additional Amenities and Features
Cabin Rentals	Other (specify)
Campsite Rentals	

Expenses:

Payroll/Benefits	Insurance
Utilities	Licenses
Maintenance	Debt Service
Supplies	Other (Specify)
Equipment	Rent and payments to State
Reservations/Advertising	

**CANAAN VALLEY RESORT STATE PARK
Proposer's Questionnaire**

PROOF OF INSURABILITY

List the name(s) of the insurance company(s) below that will provide required insurance at the time of execution of the concession agreement. Attach the necessary letter(s) of commitment to this form.

Company Name:

Address:

Agent Name:

Telephone:

Company Name:

Address:

Agent Name:

Telephone:

**CANAAN VALLEY RESORT STATE PARK
Proposer's Questionnaire**

ADDITIONAL INFORMATION

- Description of the appropriate market orientation of the Park to maximize revenue potential.
- Market services to be employed by the proposer to create that market orientation.
- Discussion of proposer's familiarity and experience with operating mixed-use resort/recreation projects of similar size.
- Identification of any and all employees, partners, company officials, legal counsel or major stockholders who are employees of the State of West Virginia or state or local elected officials.
- If a team is anticipated, have any team members performed work for the State of West Virginia, its agencies or public authorities? If so, please list, and provide information as to the nature of this work and the contact person for the State with whom the team member interacted.

**CANAAN VALLEY RESORT STATE PARK
Proposer's Questionnaire**

LITIGATION

If applicable, submit a list showing the exact case name, the number and court of all lawsuits, and the general description of all arbitrations to which the proposer and/or member of the proposer team has been a party for the last ten (10) years. State whether each proceeding is pending or resolved, along with any amounts paid. Describe all settlements and all judgments of liability.

IV. Evaluation and Selection Criteria

- A. Evaluation Process
- B. Evaluation Criteria
- C. Selection Process

IV. EVALUATION AND SELECTION CRITERIA

A. Evaluation Process

The State will evaluate all proposals and may reject any and all proposals. The State may request additional written submittals from one or more proposals and may invite one or more proposers to make an oral presentation. The State shall use this RFP as a base document for the completion of the concession agreement with the successful proposer. The State shall be the sole exclusive judge of the adequacy of the submittal and the qualifications of the proposers.

B. Evaluation Criteria

Selection of the highest rated proposal will be based upon the following consideration and criteria:

Proposer's Experience and Capability

- Demonstrated ability, capacity, technical expertise and skill necessary to develop, lease and operate facilities.
- Demonstrated willingness and ability to propose a concept that is realistic in terms of return to the State.
- Reputation in the recreation and lodging industry of having strong character, a history of owning and/or managing quality operations, integrity, good judgment and efficiency in performance of contractual agreements.
- Sufficient financial resources and organizational ability to provide the type of services required to successfully manage the project.

Capital Improvement Program

- Proposer's compliance with the minimum construction requirements set forth in the RFP.
- The nature and extent to which the proposer's improvements provide functional, aesthetic and quality facilities for the visiting public.

- The nature and extent to which the proposer's improvements demonstrate compatibility with and sensitivity to the surrounding natural environment and Park resources.
- Proposer's ability to adhere to construction timelines.

Economic Feasibility

- Proposer's demonstrated financial status, credit history, and ability to finance the proposed construction and service operations.
- The proposer's degree of completeness and reasonableness in its cash-flow projections.
- The total economic benefit to the State based upon the value of proposed capital improvements, proposed rent, and any additional monetary considerations.

Service Program

- The nature and extent of the concession operator's services to be offered to the public, including marketing efforts.
- The nature and extent of the proposed operations and maintenance programs, including service scope and service levels.
- The nature and extent to which public access to Canaan Valley Resort State Park is accommodated.

Program Concepts and Approach

- Demonstration of the proposer's understanding of the Park's development as influenced by the physical site characteristics, current and future market implications for the surrounding business community and residential population, and the local, regional and State environment.
- Demonstration of the proposer's understanding of the redevelopment needs of Canaan Valley Resort State Park and the requirements to be addressed in achieving desired service targets.

- Demonstration of the proposer's understanding of the proposed development's potential impacts or influence on park resources, visitation, operations, and revenue.
- Demonstration of the proposer's understanding of the purpose of the State of West Virginia, Division of Natural Resources, Parks Section, and how this project will serve that purpose and address the Proposer's and State's mutual goals.

C. Selection Process

Subsequent to receipt of all proposals, a proposal review committee comprised of professionals (selected by DNR Director who will be the sole judge of panel member credentials) in the areas of design, construction, economics, operations, and management will meet to evaluate the proposals. Their evaluation will be based on the criteria listed in the preceding section. The results of their evaluation will be presented to the Director of the Division of Natural Resources on or about January 15, 2009. Subject to approval by the Director, all proposers will be notified of the Division's intentions.

IV. PROPOSER'S CHECKLIST

- A. Submittal Deadline
- B. Proposal Guarantee
- C. Proposal Original and Six Copies
- D. Proposer's Questionnaire

IV. PROPOSER'S CHECKLIST

In order to assist in ensuring that proposals are submitted with all of the necessary information, the following checklist has been developed. A complete proposal will contain all of these items.

- A. Submittal Deadline – Deadline for submission is November 17, 2008, no later than 5:00 p.m.
- B. Proposal Guarantee – Include a \$5,000 check, payable to the State of West Virginia, Division of Natural Resources.
- C. Proposal Original and Six Copies – Include one original proposal and six copies in a sealed envelope marked "PROPOSAL FOR DEVELOPMENT, OPERATION, AND MAINTENANCE OF THE CANAAN VALLEY RESORT STATE PARK" and mail to:

Frank Jezioro, Director
Division of Natural Resources
State Capitol Complex
Building 3, Room 669
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305

D. Proposer's Questionnaire

- Proposer's Agreement
- Prospective Concessionaire
- Partnership or Corporation Statement
- Financial Data
- Financial References
- General Business Statement
- Business References
- Capital Improvement Plan
- Estimated Construction Costs
- Method of Operation
- Cash-Flow Analysis
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- Additional Information
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**CANAAN VALLEY RESORT STATE PARK
SAMPLE CONCESSION CONTRACT
INDEX**

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2. Condition of Premises
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13. Right of Entry as Agent
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16. Construction or Modification
17. Completion of Improvement
18. Title to Improvement
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23. Signs, Advertising and Approval of Name
24. Inspection of Premises
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27. Contract Notice
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29. Waiver of Contract Terms
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32. Terms Binding on Successors
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37. Paragraph Titles
38. Contract in Counterparts
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42. Approval of Contract
43. Signatures
44. Exhibits

Appendices

Appendix A – Engineering Study on Existing Lodge Guest Room Units

Appendix B – Map of Park

Appendix C – Index of Sample Concession Contract

Appendix D – Tripp Umbach Leasehold Interest Investment Study

Appendix E – WV Tourism Development Act Application



APPENDIX A

*Canaan -
Sleeping Unit
Replacement*

DIVISION OF NATURAL RESOURCES
Parks & Recreation Section
Planning, Engineering, & Maintenance
222 Randolph Center, 1200 Harrison Ave.
Elkins, WV 26241
Telephone (304) 637-0300
Fax (304) 637-0303

Joe Manchin
Governor

Frank Jezioro
Director

June 9, 2005

MEMO TO: Steve DeBarr, Assistant Chief
Planning, Engineering and Maintenance
M.S.

MEMO FROM: McDonald Smith, P.E.
Planning, Engineering and Maintenance

SUBJECT: Canaan Valley Resort State Park
Lodging Unit Replacement Costs

Received

JUN 10 2005

Planning, Engineering
and Maintenance

In accordance with previous correspondence related to the above referenced subject, enclosed please find cost estimates prepared by March-Westin Company, Inc. in conjunction with a conceptual design (drawing enclosed) prepared by Omni Associates. As you may recall, March-Westin was the company that constructed the Ski Area Base Building at Canaan a few years ago.

cc: J.R. Pope
Ken Caplinger
Blair Taylor



June 7, 2005

Don Smith (with State, in Elkins)
Division of Natural Resources
Parks & Recreation Section
222 Randolph Center
1200 Harrison Avenue
Elkins, WV 26241

Dear Don:

Included herein are conceptual plans, conceptual unit plans and a conceptual budget prepared with the assistance of March Westin Company. Please keep in mind that the budgeting is based on today's building costs. As you know the cost of construction changes from year to year. Please keep this in mind when budgeting and projecting construction timeframes.

Please let me know if we can be of any further assistance related to this or any other anticipated construction projects.

Very Truly Yours,

A handwritten signature in blue ink, appearing to read 'Stephen A. Barnum', written over a light blue circular stamp.

Stephen A. Barnum, AIA
Principal

Attachments

Letter(Budget Estimate) from March Westin to sab
Drawing PR-1 1



MARCH-WESTIN
COMPANY, INC.

June 6, 2005

Faxed to: 367-1418

Omni Associates
1543 Fairmont Ave.
Fairmont, WV 26554

Attention: Steve Barnum, Principal

Reference: Budget estimate for replacement housing at Canaan Valley Resort, near Davis, West Virginia

Dear Steve:

We are pleased to provide a budget estimate to provide replacement housing units for the Canaan Valley Resort. This proposal is based on demolishing the existing housing units on a phased basis and replacing each building with pre-manufactured type housing units. The new buildings will be in the same locations consisting of two (2)- three story buildings with 54 units each and three (3)- three story buildings with 48 units each for a total of 252 housing units. The total building area is approximately 105,000 to 108,000 square feet. Our budget estimate is based on Omni Associates drawings #PR-1.1 and SP-1.1 dated 3/10/05.

We have a budget estimate amount of **(\$15,234,000.00) FIFTEEN MILLION TWO HUNDRED THIRTY FOUR THOUSAND DOLLARS** to perform the following scope of work. Here in are listed our clarifications for your use and information.

- 1 We have based the demolition and disposal of the existing buildings on a phased basis. Each building will be razed one at a time, then replaced with a new housing unit and turned over to Canaan Valley for rental use before demolition and replacement of the next building. This "phasing" method will minimize the impact to the resort's revenue stream. All construction debris and rubble materials will be disposed of to appropriate landfills. We have assumed there are no asbestos materials in any of the existing buildings.
2. We have visited the site and are extending existing gas, electrical, water, storm, and sanitary lines as needed to the new housing buildings. We will utilize existing manholes, fire service lines, etc.
3. Termite treatment of new footings and slab on grade areas is included.
4. Minimal repairs with new asphalt overlay for some of the existing drives and parking lots is included.

We have included testing for soil density and concrete in our estimate.

We have been advised the crawl space is currently 8-9' high under building #1. We have included providing 6' of controlled fill so that the crawl space will be approximately 3' high, similar to the other buildings. The new units will have a crawl space similar to the existing units. We have included erosion and sedimentation control, fine grading, seeding and mulching around the new buildings for the areas we have disturbed due to construction. We excluded any/all landscaping.

8. All new buildings will have conventional spread footings with CMU walls below grade, rigid insulation board "inboard" along the exterior walls, damp-proofing on the outside face of the CMU, including gravel and vents in the crawl spaces. We have included a perimeter foundation drain for each building, connected to the existing storm line.

June 8, 2005

9. Each building will be constructed using pre-manufactured or pre-fabricated units, utilizing 2x6 exterior walls (R-13), 2x10 floor joists (R-11), 2x6 ceiling joists construction (R30), 2 layers of OSB for floor systems, with painted drywall partitions as typically provided by Grafton Homes.
10. All units will have sprinkler coverage, including fire alarm devices such as pull stations, smoke and heat detectors, and horn/strobe lights to comply with the state of West Virginia's Fire Marshall requirements.
11. The roof structure will consist of conventional wood trusses on a 6/12 pitch, with 19/32 sheathing, 40 year architectural shingles, aluminum soffit and fascias, gutters and downspouts.
12. The exterior will consist of painted cement composite siding such as a "Hardy" plank material including trim boards around all openings and corners. All windows are based on using an Anderson high performance narrow line style insulated steel windows or equal. All balcony decks will consist of using a combination of pressure treated wood for framing and composite type materials such as "TREX" materials for decking and railings.
13. The unit interiors will have 9' high ceilings, 6 panel masonite doors thru out, carpeting, ceramic tile, wood base, cabinetry in the kitchens and bathrooms, lighting, with appliances consisting of electric refrigerator, oven and dishwasher for each unit. Each unit will also have a gas fireplace, however all furnishings are excluded.
14. Each unit will have a self-contained wall ventilator type electrical HVAC unit. Also each housing unit will have a small electric hot water heater.
15. Included are three (3)- 3 stop elevators; 1 for buildings # 1 and 2; two for buildings #3, 4, and 5.
16. The existing electrical conductors from the service pole below building #1 to the existing transformers, including the transformers are in very poor condition. We have included replacement of the 12.47kV service from Allegheny Power Company meter pole, including new transformers and splice boxes in their current configuration. Secondary conductors will be provided from each transformer to the respective building. A main distribution panel will be provided for each building with sub panels servicing each floor.
17. The current phone service for the lodge, all the housing units, golf club, etc. is currently housed in building #2. Temporary arrangements for maintaining continued phone service when building #2 is demolished is included in our budget estimate.
18. We have excluded phone and cable television service for the individual housing units, as this is typically provided by the phone and cable companies. However we have included conduit and boxes in the housing units for others to provide cabling.
19. By utilizing pre-manufactured housing units and phasing the construction "one building at a time", we estimate the construction period to be approximately 5 months per building. Weather and local site conditions may have a direct impact on the construction schedule as the construction period for a building during winter may require more time vs. summer construction.

We appreciate the opportunity to assist Omni Associates in this exciting project. Please feel free to call if any questions.

Yours truly,

Tom Hillegas
Project Manager

CC: File

THE MARCH WESTIN COMPANY



DATE 6/6/2005

CANAAN VALLEY- HOUSING UNITS BUDGET ESTIMATE

Description	BUILDING \$\$ TOTAL	SITE \$\$ TOTAL	TOTAL
GENERAL CONDITIONS	\$ 587,832.00	\$ 27,426.00	\$ 615,258.00
SITE DEMOLITION/TEMP ROADS	\$ -	\$ 724,913.00	\$ 724,913.00
FOUNDATION EXCAVATION	\$ 145,814.00	\$ -	\$ 145,814.00
SITE WORK/UTILITIES/PAVING	\$ -	\$ 95,611.00	\$ 95,611.00
CONCRETE-FOOTINGS, SLABS, SIDEWALKS	\$ 350,041.00	\$ -	\$ 350,041.00
MASONRY(BELOW GRADE CMU, ELEVATOR SHAFTS)	\$ 310,950.00	\$ -	\$ 310,950.00
MISC. STEEL	\$ 56,271.00	\$ -	\$ 56,271.00
CARPENTRY(ROOF,DECKS,SIDING, CORRIDOR, STAIRS, MISC.)	\$ 2,353,986.00	\$ -	\$ 2,353,986.00
ROOFING, WATERPROOFING	\$ 388,225.00	\$ -	\$ 388,225.00
MISC. DOORS	\$ 8,428.00	\$ -	\$ 8,428.00
PAINTING-DRYWALL, NOT IN PRE-FAB UNITS	\$ 263,466.00	\$ -	\$ 263,466.00
FIREPLACES	\$ 587,997.00	\$ -	\$ 587,997.00
PREMANUFACTURED HOUSING	\$ 8,056,973.00	\$ -	\$ 8,056,973.00
ELEVATORS	\$ 139,320.00	\$ -	\$ 139,320.00
BLDG PLUMBING-NOT IN PRE-FAB UNITS	\$ 194,742.00	\$ -	\$ 194,742.00
SPRINKLERS NOT IN PRE-FAB UNITS	\$ 81,000.00	\$ -	\$ 81,000.00
ELECTRICAL	\$ 170,829.00	\$ 353,260.00	\$ 524,089.00
BONDS & CONTINGENCY	\$ 310,187.00	\$ 26,973.00	\$ 337,160.00
TOTALS	\$ 14,006,061.00	\$ 1,228,183.00	\$ 15,234,244.00

building cost /sq ft \$ 133.39

site cost/sq ft \$ 11.70



**CANAAN VALLEY RESORT STATE PARK
SAMPLE CONCESSION CONTRACT
INDEX**

1. Description of Premises
2. Condition of Premises
3. Term
4. Quitclaim Deed
5. Rental
6. Use of Premises
7. Quality of Service & Control of Rates and Charges
8. Hold Harmless Agreement
9. Liability Insurance
10. Fire Insurance
11. Waiver of Claims
12. Agent for Service of Process
13. Right of Entry as Agent
14. Taxes
15. Type and Approval of Improvements
16. Construction or Modification
17. Completion of Improvement
18. Title to Improvement
19. Personal Property
20. Housekeeping and Maintenance Improvements
21. Utilities and Services
22. Equipment
23. Signs, Advertising and Approval of Name
24. Inspection of Premises
25. Breach of Contract
26. State Buy-out Provision
27. Contract Notice
28. Interpretation of Contract
29. Waiver of Contract Terms
30. Modification of Contract
31. Assignments
32. Terms Binding on Successors
33. Duration of Public Facilities
34. Conflict of Interest
35. Hazardous Substances
36. Nondiscrimination
37. Paragraph Titles
38. Contract in Counterparts
39. Alcoholic Beverages
40. Employee Training
41. Agreement in Writing
42. Approval of Contract
43. Signatures
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Market Research Study: Feasibility of Replacing Lodging Facilities at Canaan Valley Resort Through Individual Investors in Long-Term Leases

Executive Report

January 16, 2008



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I Introduction

In July 2007, Tripp, Umbach & Associates, Inc. (Tripp Umbach) was selected by the West Virginia Parks and Recreation Section of the Division of Natural Resources (WV Parks and Recreation) to perform a feasibility study focused on the viability of replacing up to 250-lodging units at Canaan Valley Resort State Park through individual investors.

Under the terms of the agreement with WV Parks and Recreation, the feasibility study required that Tripp Umbach perform the following services:

Assess the interest and responsiveness to the concept of developing lodging units at Canaan Valley Resort that are financed by individual investors who would purchase long-term transferable leases.

Assess the financial viability of the "condo-hotel" concept of developing lodging units at Canaan Valley Resort under the conditions outlined by potential investors and visitors.

If long-term lease concept is viable, recommend required components related to the marketability and financial viability of the long-term lease concept, including initial investment, number of units, rental rates, and revenue sharing with leaseholders, duration of personal use, length of leasehold agreement and other key issues.

A. Methodology Employed in the Feasibility Study

In performing the feasibility study, Tripp Umbach undertook the following

1. Initial Planning Meeting

Tripp Umbach facilitated an on-site planning meeting in July 2007 to initiate the project. Representatives from WV Parks and Recreation, Canaan Valley Resort, Guest Services, and Tripp Umbach attended the meeting to discuss project objectives, data collection requirements, project timetable, and final deliverables.

During this time, Tripp Umbach toured the Canaan Valley Resort and surrounding area to assess facilities and recreational opportunities.

2. Secondary Data Collection and Analysis

Tripp Umbach conducted competitive analysis for Canaan Valley Resort through secondary data collection. Tripp Umbach analyzed existing market and economic data, including the following:

Second home market studies

Demographic analysis of visitors to Canaan Valley

Real estate market and lodging analysis of Canaan Valley and surrounding area

Analysis of lodging in competing markets

3. Key Informant Interview Research

During the summer and fall of 2007, Tripp Umbach met with representatives from WV Parks and Recreation, Guest Services (the resort concessionaire), and the real estate community. The purpose of these meetings was to gather qualitative input relative to real estate and lodging options in the Canaan Valley area, issues specific to Canaan Valley Resort, and current and future visitor trends.

Tripp Umbach representatives also traveled throughout the Canaan Valley area several times during the summer and fall of 2007 to assess the lodging and real estate markets.

Survey Research

Although not specified in the scope of services that WV Parks and Recreation contracted with Tripp Umbach to perform, Tripp Umbach administered a written survey by mail to 600 past visitors to the Canaan Valley region. The primary purpose of the survey was to identify potential participants for a focus group discussion held at Canaan Valley Resort in the fall of 2007. While the findings from this survey do not provide a high level of statistical significance, they are helpful in gaining a preliminary understanding of the behaviors and opinions of visitors to Canaan Valley.

4. Focus Group Research

On Saturday, October 27, 2007, Tripp Umbach conducted a two-hour focus group at Canaan Valley Resort. Participants were recruited from Tripp Umbach's group of survey respondents based upon the frequency of respondents' visitation to Canaan Valley Resort and respondents' consideration of purchasing property or lodging in the Canaan Valley area. Issues discussed at the focus group included participants' Canaan Valley experiences relative to lodging and activities and participants' opinions about Canaan Valley Resort's existing facilities as well as future improvement options.

In December 2007, at the request of WV Parks and Recreation, Tripp Umbach gathered additional input from focus group participants relative to the option of a lease renewal option. Input was gathered via telephone.

II. Key Findings and Recommendations

There is a growing segment of the visitor market coming from the Northern Virginia/Washington, D.C. area. This visitor segment has a higher level of income and education than other visitor segments.

The West Virginia Division of Highways is currently working to construct Corridor H, part of a system of highway corridors designed to promote economic development throughout the Appalachian Region¹. Corridor H will link east central West Virginia to Washington, D.C. and points north and south on Interstate 81. When Corridor H opens, the Northern Virginia/D.C. visitor market segment will continue to increase as travel time from these areas decreases to an estimated average of two to three hours.

As the visitor market transitions, the average visitor to Canaan Valley brings more money to spend on lodging, food, and activities in the Canaan Valley. Tripp Umbach believes there is a substantial market of visitors willing to spend significantly more money for lodging in the Canaan Valley.

Along with their money, newer visitors bring with them a higher level of service and amenity expectations, especially related to facilities and technology. Although customer satisfaction with overall experience, value, and individual service interactions at Canaan Valley Resort is high, expectations related to the ease of registering for lodging and activities, the comprehensiveness of online information, and consistency of room quality have not been fully met.

Although visitors looking for a place to spend the night in the Canaan Valley area can choose from private homes, state park lodges and cabins, and several small bed and breakfasts, there is a gap in rental lodging options available at Canaan Valley Resort and the area as a whole relative to mid-level and high end hotel or lodge units. Canaan Valley Resort visitors would like to have the ability to choose lodging that would provide a larger and higher quality bed and bathroom, private outdoor space, shared recreational/entertainment space, and additional dining venues. They are willing to pay an increased rental rate to stay in a higher end unit.

¹ According to the West Virginia Division of Highways White Paper, "Corridor H: Safe Passage to the Future", September 2000, "Proponents of the highway also believe that, in addition to the safety factor, economic development will occur in the region by linking east central West Virginia to Washington, DC, Baltimore, Philadelphia, New York and points north and south on I-81...Easy access is also key to the success and growth of hotels/motels, restaurants, parks, botanical and wilderness areas, forests, golf courses, bed & breakfast facilities, cottage and vacation rentals, outfitters, conference facilities, and other attractions in the area."

With \$1 million-plus single family homes and condos within walking distance of Timberline's ski slopes for under \$150,000, there are currently a wide variety of real estate options available in the Canaan Valley area. There are also many lots for sale in a large price range. Although demographic analysis indicates that a visitor market with the financial resources to purchase second homes exists, based upon the existing real estate supply, Tripp Umbach believes that there is little incentive for investors to purchase leases rather than actual real estate in the Canaan Valley.

Focus group participants, even those interested in purchasing real estate in the Canaan Valley area, are not interested in investing in a long-term lease at Canaan Valley Resort. Regardless of the proposed time frame of the lease, renewal options, or cost, participants have no interest in the concept of leasing rather than owning property and feel that there are many real estate options available for actual purchase. Participants do not believe the state park setting of Canaan Valley Resort compensates for the lack of actual property ownership under the long-term lease concept.

Another reason participants give for not wanting to lease property includes the lack of interest in allowing other visitors to Canaan Valley Resort to use their lodging units. Although they understand there would be revenue sharing potential under this scenario, most participants feel strongly that they want the ability to use their units whenever they want.

Although focus group participants expressed a desire for improved lodging facilities to rent nightly or weekly at Canaan Valley Resort, they also voiced concern that Canaan Valley Resort not become overly developed in the future. Participants come to the area for "peace and quiet" and the natural-setting of Canaan Valley Resort's lodge and cabins. They do not want to see "chain-like" hotels in the Valley and pointed to Deep Creek Lake as an example of undesirable development.

Based upon analysis of research conducted for this project, Tripp Umbach recommends that WV Parks and Recreation replace facilities at Canaan Valley Resort through the traditional lodge replacement method.

As WV Parks and Recreation moves forward with the process of replacing facilities at Canaan Valley Resort, Tripp Umbach recommends that the state look to areas such as Yosemite National Park as inspiration for lodging and development ideas. Park visitors can choose from a variety of lodging options at Yosemite, from very high end hotel units to camping sites. Although Tripp Umbach did not specifically research "inspirational peers" for Canaan Valley Resort, it appears that these types of lodging options are desired by visitors.

Tripp Umbach recommends that Canaan Valley provide potential visitors with a more comprehensive web site that includes links to lodging options as well as tours and activities, dining options, rental equipment for activities, and other community organizations that may be of interest to visitors.

Tripp Umbach believes that there is sufficient market demand to encourage the State of West Virginia to invest in a replacement lodge that would include larger rooms and increased amenities. While further financial analysis is required to determine specific room rates, it is the opinion of Tripp Umbach that an investment in larger and more amenity-rich rooms would capture daily rental rates high enough to turn Canaan Valley Resort into a profit center for WV Parks and Recreation.

III. Research Findings

A. Rental Lodging Data Collection

Tripp Umbach collected average nightly rates and available amenities data from lodging facilities in the Canaan Valley area as well as Deep Creek, Maryland, and Snowshoe, West Virginia. Results from this analysis are listed below.

Timberline Four Seasons Resort

Activities:

Mountain biking, horseback riding, whitewater rafting, golf, scenic chairlift ride, trout fishing, geocaching

Lodging/Pricing:

Bunkhouses, condominiums, mountain homes, chalets, town homes and condos (no hotel type room)

Average nightly weekend rate in August- \$140 (only condo room, no hotel type of room available)

All deals/Packages:

Economy package: 3 days and 2 nights- Includes economy lodging in a bunkhouse, nine meals, one day mountain biking, a scenic lift ride to Dolly Sods National Wilderness Area at the summit of Herz Mountain, and more. \$119.50 per person

Economy package: 5 days and 4 nights- Includes economy lodging in a bunkhouse, thirteen meals, one day mountain biking, a scenic lift ride to Dolly Sods National Wilderness Area at the summit of Herz Mountain, and more. \$144.00 per person

Luxury Condominium package: 3 days and 2 nights- Includes on-site lodging in two bedroom Herzwoods condominiums (based on 6 person occupancy), nine meals, one day mountain biking, a scenic lift ride to Dolly Sods National Wilderness Area at the summit of Herz Mountain, and more. \$149.00 per person

Luxury Condominium package: 5 days and 4 nights- Includes on-site lodging in two bedroom Herzwoods condominiums (based on 6 person occupancy), thirteen meals, one day mountain biking, a scenic lift ride to Dolly Sods National Wilderness Area at the summit of Herz Mountain, and more. \$179.00 per person

Accommodations/Amenities

Bunkhouses, Condominiums, Mountainside dining, audio and visual equipment, live entertainment, Jacuzzis, breathtaking views, etc.

Stonewall Resort

Activities:

Swimming, golf, spa-massage therapy, facials and body treatments, endless recreational choices- boat launch and rentals, fishing, camping, hiking, biking

Lodging/Pricing:

Campground rentals, houseboats, lakeside villas, and lodge rooms

Average nightly weekend rate in August-\$169

All deals/Packages:

Golf rates for Resort and Day Guests (April 07-October 07) Mon-Thurs. \$75, Fri & Sat \$89 Twilight rates: \$55

Golf rates for Junior Golfers (April 07-October 07) Mon-Sun. \$35, same day replay \$39 March 31-April 22, 2007 \$50

Premiere Palmer Package/Golf package for two: dinner for two at Stillwater's, breakfast for two, golf for two, golf amenity for two, beverage cart for each player (valued at \$15 per player) Double occupancy rate starting at \$389

Personalize Getaway: One round of golf or massage, overnight accommodations, breakfast at Stillwater's Price starting at \$299

Learn from the Pro: Breakfast for two at Stillwater's, lunch for two at Lightburn's, golf lessons for two, amenity for two. Price starting at \$320

Accommodations/Amenities:

Overall Accommodations: Beautiful Lake, mountain or golf course views, WiFi Technology, Easy access to restaurants and recreational facilities

Lodge Room Accommodations: Lake, Mountain or Golf course views, marble-top baths with tile floors, armoire, workstation or desk, king size beds with pullout sleeper sofa or two queen size beds, double rooms (two queen size beds featuring separate vanity stations, windows that open, optimum lighting in rooms and hallways, 27 inch satellite television, two phone lines (one with speaker phone) T1 lines, electronic locks, Pay-Per-View movies, wireless internet available, in-room coffee maker

Lakeside Villa Accommodations: Lake views, Large, exterior decks with grills, fully equipped kitchens, including dishwasher/microwave, private dining area, spacious bath, washer/dryer, vaulted ceilings with exposed cedar post and beam framing, hardwood flooring, gas fireplace, electronic key access, central air & heat, private boat launch and trailer parking, wireless internet

Houseboats Accommodations: Bath, air conditioning, patio furniture, gas grill, full living area, kitchen, television and VCR. 2007 Houseboats Rates: \$400 for the first two nights, \$100 for each additional night (gas, oil, damage deposit and taxes are not included in these prices)

Campground Accommodations: 40 RV Campsites, electrical, water & sewage hook-ups, on-site trash collection, fire pits, playground, mooring posts, access to resort amenities, 6 deluxe tent sites. 2007 Campground Rates: \$33 per night, plus tax for our full-service RV sites, \$20 per night, plus tax for our deluxe tent sites, 10% discount 60 years and older, 50% discount from the day after Labor Day until four days prior to Memorial Day for residents 62 and older

Snowshoe Mountain Resort

Activities:

The Big Top (15,000 sq ft fun center), Cross Country Skiing, Snowshoeing snowmobiling snow tubing, swimming, Snow cat tours, golfing, hiking, climbing wall, mountain biking

Booking/Pricing

Sunrise Backcountry Hut, Seneca condos, Allegheny Spring condos, Highland House condos, Rimfire Lodge condos, Mountain Lodge condos, Expedition Station, West Ridge homes, Soaring Eagle Lodge, Loggers Run Town homes, The Timbers, Snowcrest condos, Leatherbark condos, Wabasso Town homes, Treetop Town homes, Top of the World condos, Camp Four Town homes, Vantage Inn, Whistlepunk Town homes, Poweridge Town homes, Powdermonkey Town homes, Stemwinder Town homes, Land's End Town homes, Shamrock Condos, Sundown Hutches, Mountain Crest Condos, Pedestal House, Ridgewood Condos, Creekside Town homes, Silver Creek Lodge

Average nightly weekend rate in August-\$140 (room at Rimfire Lodge), \$105 (room at Inn at Snowshoe at bottom of mountain)

All deals/Packages:

Independence Day Package-\$43 per person per night; add a round of golf for \$54

Fire on the Mountain Chili Cook off -\$59 per person per night; add a round of golf for \$64

Taste of the Mountains Food, Wine, & Jazz Festival- two people can get two nights lodging in a Village Junior Studio starting at \$59 per person

Golf packages daily green fees for June-October: Monday-Thursday \$69 before 2pm, Monday-Thursday \$54 after 2pm, Friday-Sunday before 2pm \$69, Friday-Saturday after 2pm \$69

Pipestem Resort State Park

Activities:

Golfing, whitewater rafting, horseback riding, outdoor amphitheater, nature center, outdoor pool, miniature golf, lighted tennis courts, indoor pool, sauna, exercise room

Lodging/Pricing:

McKeever Lodge-113 modern guest rooms and suites, Mountain Creek Lodge-30 rooms, deluxe cottages-26-fully equipped rental cottages, campground-82 sites

Average nightly weekend rate in August-\$88

All deals/Packages:

McKeever Lodge Golf package: includes two nights lodging, green fees for three days, 18 hole golf, indoor swimming pool and sauna \$102.

Mountain Creek Lodge Golf package: includes two consecutive nights lodging at Pipestem's Mountain Creek Lodge (Sun-Thurs only), three days 18-hole green fees and shared cart, plus continental breakfast each morning, includes additional golf plays as available with car rental, Sunday afternoon through Friday, free swimming and sauna; and one hour daily tennis court use. Unlimited tram rides to and from Mountain Creek Lodge included package cost. Prices per person/per package based on double occupancy availability

Whitewater rafting-Children under 12 Sat.-\$54 and Sun-Fri \$44, Adults Sat. \$74 and Sun-Fri \$59

Accommodations/Amenities:

Restaurants, aerial tramway, gift shops, conference facilities, picnic shelters

Nearby Attractions: Tamarack, Exhibition Coal Mine, New River Gorge National River, commercial rafting companies, historic towns of Hinton and Bramwell, winter place ski area, Concord College

Chief Logan Lodge & Conference Center

Activities:

Indoor swimming pool, hot tub, fitness center, camping, outdoor swimming pool with waterslide, game courts, museum in the park, wildlife exhibit, picnicking, summer outdoor amphitheater featuring "The Aracoma Story"

Lodging/Pricing:

75 room hotel available with down comforters and pillows, two queen size beds or an individual king-size bed

All deals/Packages:

\$75 special nightly rate when you visit Chief Logan State's Park amphitheater for an enchanting outdoor performance

Average nightly weekend rate in August-\$99

Accommodations/Amenities:

Overall Accommodations: 75 rooms available with down comforters and pillows, two queen size beds or an individual king-size bed

Overall Amenities in the room: irons/ironing boards, hair dryers, in-room coffee, alarm clocks, 27-inch color television, cable TV, DVD player, wireless internet (seven suites feature fireplaces, microwaves, and refrigerators. Overall Amenities in the hotel: wireless internet, indoor swimming pool, hot tub, fitness center

Blackwater Falls State Park

Activities:

Hiking, horseback riding, nature and recreation programs, nature center, swimming, camping, boating, fishing, petting zoo/stables, cross country skiing, sledding, spa

Lodging/Pricing:

Lodges, cabins/cottages, campground

Average nightly weekend rate in August-\$99

All deals/Packages:

Cozy Cabin Package, Blackwater Falls Adventure Package (Mon-Thur) \$110 per night

Standard sites campground \$17/nightly, sites with electric \$20/nightly

Accommodations/Amenities:

Overall Accommodations: Conference Center, Restaurant, Indoor Pool, hot tub, fitness room, picnic shelters, gift shops. Special Features include: Elakala Falls, Lindy Point, Pendleton Falls, Pendleton Point Overlook, and Blackwater River

Blackwater Falls Adventure Package Accommodations: a room with a view and breakfast for two

Spring Mid-Week Cabin Cottage Special: Package includes a discount on cabin prices, and miles of green hiking trails

Cross Country Ski Stay & Play: Nordic skiing by day, or moonlight, indoor pool and hot tub, spacious dining room

Cozy Cabin Accommodations: great price, fireplace, housekeeping and linens provided

Lodge room Accommodations: Check in 3pm/check out 12 noon, under 12 stay free, no pets, senior citizen discount available, major credit cards accepted, cribs available at no charge, non-smoking rooms available, elevator, group & conference facilities

Cabin Accommodations: Check in 4pm/check out 10 am, pet friendly cabins available, senior citizen discount available, major credit cards accepted, cribs/cots available at \$5 charge per day, winter & spring packages available

Campground Accommodations: One tent or camping unit per site, pets permitted on a leash, ice & firewood sales, playground located near Pendleton Lake Recreation Area, bathhouse and shower facilities

Deep Creek Lake

Activities:

Water tubing, golf, water boarding, fishing, 4 wheeling, horseback riding, hiking, hunting, scenic plane and helicopter rides, boats rentals, fun land close by (go karts, mini golf, arcade, bumper cars, climbing wall and more)

Lodging/Pricing:

Log cabins, Carmel Cove Inn, Haley Bed and Breakfast Spa and Retreat Center

Average nightly weekend rate-\$140 (Lodge at Wisp Resort)

All deals/Packages:

Carmel Cove Inn (luxury mountain lodge)

Haley Bed and Breakfast Spa and Retreat Center

Accommodations/Amenities:

Carmel Cove Inn Accommodations: swimming dock, canoes, paddleboat, tennis, good cheer and ample privacy

Haley Bed and Breakfast Spa and Retreat Center Accommodations- 65 acre farm minutes from Deep Creek Lake. Luxury suites with Jacuzzi and fireplaces, spa packages, breakfasts. Also available is a three bedroom lakefront cottage with boat dock, hot tub, and gazebo at the heart of Deep Creek and minutes from the ski slopes

B. Real Estate Data Collection

During the late summer and early fall of 2007, Tripp Umbach met with real estate representatives from the Canaan Valley area. Representatives indicated that after a steady increase in real estate sales over the past several years, the market remains fairly strong except in the higher end housing market. Although representatives perceived an increase in potential buyers, they also noted an increase in the housing supply with new developments, and more competition for potential buyers from the Deep Creek Lake and Snowshoe areas.

Condominium units were considered by area real estate representatives to be not as attractive to potential buyers as single family homes. Within the condo market, the perception was that most buyers want at least two bedrooms and that one bedroom units do not sell well.

When asked about the concept of long-term lease investments at Canaan Valley Resort, real estate representatives expressed doubt that this would be an option that would interest many potential buyers. One representative suggested that based upon his experience with homeowners in the Canaan Valley area, many buyers would be unwilling to rent out their property to other visitors.

In addition to real estate representative interviews, Tripp Umbach researched real estate properties available for sale during the summer and fall of 2007. A sample of housing units for sale during this time included:

Beaver Ridge (condominiums): two bedroom condo unit for \$138,000; two bedroom condo unit for \$142,000; one bedroom condo unit for \$82,000; one bedroom condo unit for \$75,000.

Canaan Valley area: three bedroom house for \$115,000; three bedroom house for \$275,000; three bedroom plus loft house for \$575,000.

Deerfield Village Resort (townhouses): three bedroom townhouse for \$229,000.

Northwoods (condominiums within walking distance to Timberline ski area): one bedroom condo unit with loft for \$189,000; one bedroom condo unit for \$130,000; two bedroom condo unit for \$315,000.

Old Timberline area: three bedroom house for \$333,000; five bedroom house for \$650,000; two bedroom house plus studio for \$695,000.

Timberline area (ski area): five bedroom house for \$799,000; seven bedroom house for \$1.1 million.

Talheim (condominiums): studio unit with sleeping loft for \$75,000; studio for \$58,000.

A significant number of weekly timeshares ranging in price from \$500 to \$10,500 are also available at Land of Canaan Vacation Resort.

C Second Home Buyer Analysis

Over the past decade, there has been an increase in the percentage of homeowners who also own a vacation home. This increase is due to several factors, including baby boomers entering their peak earning years, shifts in the investment advantages of real estate versus stocks and bonds, and tax law changes that took effect in 1997 which make second home ownership more appealing for some buyers

Tripp Umbach analyzed characteristics of vacation home owners using “The 2006 National Association of Realtors Profile of Second Home Owners” so that Canaan Valley visitor demographics and long-term lease issues could be analyzed relative to these characteristics.

According to the National Association of Realtors, the median household income of vacation home owners is \$120,600 and the median age is 59 years.

49% of Northeast vacation homes are located in resort or recreation areas. The median distance traveled by vacation home owners whose vacation homes are in the Northeast is 110 miles from the primary residence. Only 15% of Northeast vacation home owners are willing to travel 300 miles or more to reach their vacation home.

Distance Between Primary Residence and Vacation Home

Distance	All Vacation Homes	Vacation Homes Located in the Northeast
10 miles or less	3%	5%
11 – 24 miles	4%	2%
25 – 49 miles	8%	12%
50 – 99 miles	19%	27%
100 – 299 miles	26%	37%
300 – 499 miles	5%	1%
500 – 999 miles	9%	2%
1,000 – 1,499 miles	13%	8%
1,500 miles or more	12%	4%
Median (miles)	220 miles	110 miles

74% of Northeast vacation homes are single family detached homes, cabins, or cottages. 12% are apartments or condominiums. Only 3% are timeshare vacation homes. The median value of Northeast vacation homes is \$350,000.

The average number of nights spent by owners of Northeast vacation homes in those homes is 53 nights. 72% of owners of Northeast vacation homes do not rent out their homes to others.

D. Demographic Analysis of Visitors and Potential Buyers

Tripp Umbach reviewed visitor data provided by Canaan Valley Resort as well as data provided by the Tucker County Convention and Visitors Bureau. Using this data as a guide, Tripp Umbach analyzed income and population figures from the U.S. Census Bureau for a selection of counties that produce the greatest numbers of visitors to Canaan Valley. This analysis indicates that visitors to Canaan Valley have the financial resources to visit and potentially purchase property in the area.

Population and Income Estimates for Visitors to Canaan Valley

County	Population (2006 estimate)	Median household income (2004)
Allegheny County, PA	1,223,411	\$42,182
Arlington County, VA	199,776	\$66,626
Dauphin County, PA	254,176	\$46,761
District of Columbia	581,530	\$46,211
Fairfax County, VA	1,010,443	\$83,890
Franklin County, OH	1,095,662	\$45,459
Frederick County, MD	222,938	\$69,005
Kanawha County, WV	192,419	\$38,012
Loudoun County, VA	268,817	\$94,225
Montgomery County, MD	932,131	\$76,957
Prince George's County, MD	841,315	\$55,129
Prince William County, VA	357,503	\$75,302
United States	299,398,484	\$44,334

Tripp Umbach also analyzed demographic data for people living within 100, 150, and 200 miles of Canaan Valley Resort. Existing research indicates that this is the distance the majority of vacation home owners are willing to travel to a vacation home (see above). This distance encompasses Washington, D.C., northern Virginia, Pittsburgh, and Charleston.

Based upon a report conducted by Claritas, Inc. at the request of Tripp Umbach, the population within 100 miles of Canaan Valley Resort is estimated to have increased by 10% from 2000 to 2007 to almost 5.5 million people. Over the next five years, the population is projected to grow by slightly more than 6%.

The average household income in 2007 for this area is estimated to equal approximately \$77,500, compared to the United States 2007 estimated average of \$66,670. Average household income for households within 100 miles of Canaan Valley Resort is expected to grow by almost 14% to \$88,000 over the next five years.

Within 150 miles of Canaan Valley Resort, the population is expected to grow 4% in the next five years from an estimated 16.8 million in 2007 (an estimated increase of 6% from 2000). Average household income for this area is estimated to be \$73,167 in 2007 and is projected to increase almost 13% to \$82,529 over the next five years.

Within 200 miles of Canaan Valley Resort, the population is expected to grow 3% in the next five years from an estimated 25.3 million in 2007 (an estimated increase of 5% from 2000). Average household income for this area is estimated to be \$68,696 in 2007 and is projected to increase 12% to \$77,207 over the next five years.

E Survey Findings

During the summer of 2007, Tripp Umbach administered a short survey by mail to 600 past visitors to the Canaan Valley region. The primary purpose of the survey was to identify potential participants for a focus group discussion held at Canaan Valley Resort in the fall of 2007. Survey findings from 65 respondents are presented below. While the findings from this survey do not provide a high level of statistical significance, they are helpful in gaining a preliminary understanding of the behaviors and opinions of visitors to Canaan Valley.

How often do you usually visit the Canaan Valley area?

Response	Percentage
Less than once each year	31%
About once each year	29%
2 or 3 times each year	31%
4 to 6 times each year	3%
7 to 12 times each year	3%
More than 12 times each year	3%

n = 62

How much on average do you spend each night for a place to stay when you visit the Canaan Valley area?

Response (Mean)	\$105 per night
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n = 46

Have you ever considered purchasing property, a house, a condo, or a time share in the Canaan Valley area?

Response	Percentage
Yes	33%
No	67%

If yes, check which options you would consider or have considered?

Response	Percentage
Detached single family home	18%
Town home	9%
Property with no existing housing	9%
Condominium	17%
Timeshare	8%

n = 65

Focus Group Findings

Twelve focus group participants were recruited from survey responses Tripp Umbach received during the summer of 2007. Participants were chosen based upon the frequency of their visits to the Canaan Valley area and whether or not they had ever considered buying real estate in the Canaan Valley area. Focus group participants came from Ohio, Maryland, Virginia, and West Virginia and spent the night before the focus group at Canaan Valley Resort. Additional input related to lodging facilities was also given via telephone in September 2007 by a frequent visitor to Canaan Valley from the Washington, D. area who was unable to attend the focus group but wished to participate in the project.

It is important to note that focus group research is qualitative in nature and is not meant to provide statistically significant findings that are representative of a particular population. However, focus group research does allow for more in-depth exploration of issues that cannot be adequately addressed through other survey methodologies and was therefore chosen for this particular project. Findings from the Canaan Valley Resort focus group offer WV Parks and Recreation insight into the decision of whether to move forward with a more quantitative feasibility study focused on individual investment in facilities at Canaan Valley Resort. Additionally, focus group results provide details related to improvements desired by visitors to Canaan Valley Resort.

The focus group was held on Saturday, October 27, 2007 from 9:00 A.M. to 11:00 A.M. at Canaan Valley Resort. In return for their attendance at the focus group, participants received free lodging and meals at Canaan Valley Resort and a \$100 Visa gift card.

Once focus group participants were welcomed and introductions made, participants were asked to explain why they come to the Canaan Valley area. Participants indicated that they come for the natural beauty of the surroundings, the peace and quiet, and activities such as golf, fishing, hiking and skiing. "I never want to see Route 219 (through Deep Creek, Maryland) in Canaan Valley." Participants also noted that they return to Canaan Valley Resort because of the customer service they receive from the people who work there.

Price was also mentioned as a reason why visitors, particularly those who ski, come to Canaan Valley Resort. The cost of a ski trip to Canaan Valley was perceived to be significantly less than a trip to Snowshoe. However, dissatisfaction with the location of the ski lift relative to the drop off location for Canaan Valley Resort shuttles was noted by several members who complained of having to walk from the shuttle to the lift with their ski equipment.

Participants expressed overall satisfaction with their experiences at Canaan Valley Resort, especially with the friendliness and helpfulness of the staff. However, dissatisfaction with the consistency of the upkeep of the facilities, the size and quality of the bed, and the size of the bathroom was expressed.

Another area of dissatisfaction appeared to be related to the information and registration process, both

both for lodging and activities. One visitor expressed a desire for a more streamlined way (perhaps online) of purchasing ski tickets and lessons when she made reservations for her large family that visits Canaan Valley Resort each year.

After Canaan Valley experiences and reasons for visiting Canaan Valley were discussed, Tripp Umbach explained the long-term lease concept, without going into detail about specific components such as time constraints, sharing of lodging with other visitors, or price, to focus group participants. Tripp Umbach assured participants that WV Parks and Recreation was in an exploratory stage relative to facility replacement and that the focus group was in no way an attempt to sell participants anything.

Once the long-term lease concept was understood, focus group participants indicated that they thought the idea was a poor one. There were no focus group participants who felt that the concept would be a good way to replace facilities at Canaan Valley Resort.

Several reasons emerged for the groups' negative feelings about the long-term lease concept. Participants feel that if someone is interested in having a vacation home in the Canaan Valley area, there is enough real estate available at a wide range of prices to allow that person to buy rather than lease. Participants indicated that owning property rather than renting is preferable to most people because owning allows equity to be built.

Participants also voiced strong concern about having to share the property with other visitors. Even if potential investors were given first choice of dates to visit and revenues were shared, most participants believe that potential buyers would want to come to Canaan Valley whenever they wanted.

Finally, some participants did not like the idea of private investment in a state park because of the perception that this would change the natural beauty of the setting of Canaan Valley Resort. "It could ruin the spirit of the Valley." Participants were also concerned that individual investment might lead to changes that would impact the wild animals that live on the property. The group felt that whatever facility improvements are made, Canaan Valley Resort should attempt to stay within its existing "footprint".

Although focus group participants responded negatively to the concept of long-term lease investment in Canaan Valley Resort, they do believe there is great opportunity for improvements to both facilities and amenities. Every focus group participant indicated that they would be willing to pay a significantly higher rate for improved lodging in Canaan Valley Resort. Rates of \$300 were mentioned and there were no objections to this price raised within the group.

Suggestions for specific room improvements given by participants include a bigger, higher quality bed, a larger room, and a bigger and improved bathroom. Some participants mentioned a desire for a suite rather than a single room. Skiers and non-skiers noted the need for "skier-friendly" rooms that had an area for wet boots and a place to hang skis. Participants have noticed room damage that they assume has

they assume has been caused by skis and wet equipment

Participants also suggested that when facilities are replaced, each individual unit have a covered outside patio area or balcony to take advantage of Canaan Valley Resort's beautiful views. Additionally, participants would like to have a common area that would provide an opportunity for visitors to gather in bad weather. Card games, books, and movies should be made available to visitors. A children's area with games, slides, and balls was also suggested.

Suggestions for the exterior of the lodge were also given by participants. One participant requested that Canaan Valley Resort strive for a unique, "exotic" architectural style. "Don't make it comparable to other places in the Valley." The village concept used by Snowshoe Mountain, with shops and restaurants clustered together, was suggested by one participant.

Participants had mixed opinions when the concept of lodging on the ski slopes was discussed. While some felt that the idea was a good one because the lodging and slopes would no longer be disconnected, some indicated that they liked the fact that there was no lodging on the ski slopes of Canaan Valley Resort. Participants who have skied at Canaan Valley Resort are not bothered by the shuttle from the lodge to the ski slopes. However, there was agreement that skiers want to be able to get off the shuttle right at the ski lift.

Although not specifically addressed by the focus group moderator, focus group participants mentioned their high level of satisfaction with the cabins at the Canaan Valley Resort. Participants suggested that Canaan Valley Resort build additional cabins and indicated that they would be willing to pay significantly more for the cabins with no improvements needed.

Finally, additional suggestions included high speed internet access, express check-out, better handicap parking, more spa-like amenities, and additional dining options, especially ones catered to families and an option in-between the snack bar and the formal dining room. Participants who golf suggested that Canaan Valley Resort offer golf packages that would provide visitors with discounts. One participant mentioned that he sometimes travels to Deep Creek Lake to golf even when working in the Canaan Valley area because he receives better golf deals in Deep Creek. This participant believes that if better golf packages were offered by Canaan Valley Resort, it would increase the number of groups that would stay at the Resort.

After initial focus group findings were reported by Tripp Umbach, WV Parks and Recreation asked that Tripp Umbach recontact focus group participants to explore whether the possibility of a lease renewal option after twenty five years would impact the reactions of the group to the long-term lease concept. Tripp Umbach collected responses from seven focus group participants related to a lease renewal option. Every person who provided input indicated that a lease renewal option would not change the negative reaction to the long-term lease concept. Follow-up responses once again included the issue of "ending up with nothing" at the end of the lease and the feeling that private investment in the facilities at Canaan Valley Resort would change the peace and beauty of the resort.